

Catastrophic Disability Final Proposal

Washington State Law Enforcement
Officers' and Fire Fighters Plan 2
Retirement Board

December 8, 2005

Proposal Summary

Establish catastrophic disability benefit with offsets for:

- Workers' Compensation
- Social Security Disability

Proposal Summary

- Combined benefits will be 100% FAS tax-free
- Up to 70% LEOFF Plan 2 benefit tax-free
- Can't be reduced below accrued benefit

Proposal Summary

- Offset Workers' Compensation
 - time-loss compensation
 - permanent total disability pension
- Offset Social Security Disability Payments
- Required to submit necessary financial documents reporting earnings

Proposal Summary

- Earnings exceed substantial gainful activity
 - Able to return to duty, benefit ceases
 - Unable to return to duty, benefit converts to occupational disability
- Subject to medical as required by DRS

Example – L&I Only

- FAS = \$60,000
- 70% Benefit = \$3500
- L&I Salary = \$70,000
- L&I Benefit (60%) = \$3500

Example – L&I Only

- Combined Benefits
 - $\$3500 + \$3500 = \$7000$

- Combined Benefits Above Max
 - $\$7000 - 5000 = \2000

- Pension with offset
 - $\$3500 - 2000 = \1500

Example – L&I Only

■ Total Benefit

Pension	\$1,500
L&I	3,500
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TOTAL	\$5,000

Example – L&I and Soc Security

- FAS = \$60,000
- 70% Benefit = \$3500
- L&I Salary = \$70,000
- L&I Benefit (60%) = \$3500
- SS Benefit = \$1000

Example – L&I and Soc Security

- Combined Benefits

- $\$3500 + \$3500 + \$1000 = \8000

- Combined Benefits Above Max

- $\$8000 - 5000 = \3000

- Pension with offset

- $\$3500 - 3000 = \500

Example – L&I and Soc Security

■ Total Benefit

Pension	\$ 500
L&I	3,500
Soc Security	<u>1,000</u>
TOTAL	\$5,000

Example – Minimum Comparison

- 15 Years of Service
- Accrued Benefit (current law) = \$1,500

Pension	\$1,500
L&I	3,500
Soc Security	<u>1,000</u>
TOTAL	\$6,000

Catastrophic Disability

Questions?